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1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK

3 UNITED STATES OF AMERICA,

4 v.

17 Cr. 630 (ER)

5 KARL SEBASTIAN GREENWOOD,

6 Defendant.

Plea

7
8 New York, N.Y.
9 December 16, 2022
10 11:19 a.m.

11 Before:

12 HON. EDGARDO RAMOS,

13 District Judge

14 APPEARANCES

15 DAMIAN WILLIAMS

16 United States Attorney for the
17 Southern District of New York

18 BY: SAGAR K. RAVI, ESQ.

NICHOLAS FOLLY, ESQ.

Assistant United States Attorneys

JULIETA V. LOZANO, ESQ.

Special Assistant United States Attorney

19 WEDDLE LAW PLLC

Attorneys for Defendant

20 BY: JUSTIN S. WEDDLE, ESQ.

21 LAW OFFICE OF HOWARD R. LEADER

Attorneys for Defendant

22 BY: HOWARD R. LEADER, ESQ.

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(Case called)

THE DEPUTY CLERK: Counsel, please state your name for the record.

MR. RAVI: Good morning, your Honor. Sagar Ravi for the United States, and I'm joined at counsel table by Julieta Lozano, Special Assistant United States attorney.

MR. WEDDLE: Good morning, your Honor. Justin Weddle for Mr. Greenwood, who is sitting to my right, and co-counsel Howard Leader is sitting further to my right.

MS. LOZANO: Good morning, your Honor.

THE COURT: Good morning to you all.

Mr. Ravi, what are we doing today?

MR. RAVI: Your Honor, we have a superseding information that we'd like to put on file and that the defendant will be waiving and ultimately pleading guilty to.

THE COURT: Very well.

Before we get started, I note for the record that it is now approximately 20 minutes after the hour for a matter that was scheduled for 11:00. I hope that I don't need to say again that I start on time.

Mr. Greenwood. Actually, Mr. Weddle, will you confirm that that is what we are here to do today?

MR. WEDDLE: Yes, your Honor. That is the defendant's intent is to waive indictment, have the superseding information filed, and then plead guilty to that superseding information.

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1 There is no plea agreement, your Honor, but we have received a
2 *Pimentel* letter.

3 THE COURT: I understand.

4 MR. RAVI: Your Honor, may I just note, regarding the
5 timing, I just want to apologize. AUSA Nicholas Folly was
6 going to handle this proceeding. He actually had a verdict
7 arrive at a trial that he's been on all this week, and
8 therefore I came over. He may also be stepping in at any point
9 in time.

10 THE COURT: I'm happy to blame Mr. Folly.

11 MR. RAVI: Thank you.

12 THE COURT: Mr. Greenwood, your attorney has advised
13 me that you wish to enter a plea of guilty to a superseding
14 information. I'm happy to take your plea. However, before I
15 do that, I need to ask you a series of questions, and I'm
16 trying to make two large determinations. The first
17 determination that I need to make is that you understand what
18 is going on here today and the consequences of pleading guilty;
19 and the second determination that I am trying to make is that
20 you are in fact guilty of the crimes to which you wish to plead
21 guilty. In order to make those determinations, I need to ask
22 you a series of questions. It's absolutely vital that you be
23 truthful, so I'm going to have you placed under oath, okay?

24 THE DEPUTY CLERK: Please stand and raise your right
25 hand.

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1 (Defendant sworn)

2 THE COURT: You may be seated. And everyone can
3 remain seated throughout this proceeding, just as long as you
4 have the microphones close to you. You don't need to stand.

5 Mr. Greenwood, you are now under oath, and do you
6 understand that if you answer any of my questions falsely, your
7 answers could be used against you in a prosecution for perjury
8 or for making a false statement?

9 THE DEFENDANT: Yes, your Honor.

10 THE COURT: Now as I indicated, I'm going to you ask a
11 series of questions. If I ask you a question and you don't
12 understand it, just let me know that and I'll rephrase it, or
13 if I ask you a question and you wish to speak with your
14 attorneys before you answer it, just let me know that and I'll
15 accommodate you, okay?

16 THE DEFENDANT: Okay.

17 THE COURT: So we're going to start with some
18 background questions.

19 Sir, what is your full name?

20 THE DEFENDANT: I am Karl Sebastian Greenwood.

21 THE COURT: And how old are you, sir?

22 THE DEFENDANT: I am 45 years of age.

23 THE COURT: How far did you get in school?

24 THE DEFENDANT: I went all the way to a bachelor with
25 honor's degree in the UK.

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1 THE COURT: In the UK?

2 THE DEFENDANT: Yes.

3 THE COURT: So you're able to read and write in
4 English?

5 THE DEFENDANT: Yes, sir.

6 THE COURT: Are you now or have you recently been
7 under the care of a doctor or psychiatrist?

8 THE DEFENDANT: I am seeing counsel but nothing
9 regarding mental health or anything. It's a different issue.

10 THE COURT: So when you say counsel, do you mean a
11 mental health practitioner?

12 THE DEFENDANT: No.

13 THE COURT: A counselor at the facility where you are
14 being held?

15 THE DEFENDANT: No. It's outside counsel, but it's --

16 MR. WEDDLE: If I may, your Honor. He's undergoing
17 some counseling, which we'd be happy to describe further for
18 your Honor, perhaps in a sealed proceeding. It doesn't affect
19 his ability to understand the proceedings here today. He also,
20 of course, has his lawyers, which I would refer to as outside
21 counsel, but I think he's referring to something different,
22 which is regular counseling sessions.

23 THE COURT: Very well. You may be seated, Mr. Weddle.

24 Are you under any medication as a result of that
25 counseling, Mr. Greenwood?

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1 THE DEFENDANT: No, sir.

2 THE COURT: Have you ever been treated or hospitalized
3 for any mental illness or any type of addiction, including drug
4 or alcohol addiction?

5 THE DEFENDANT: No, sir.

6 THE COURT: In the past 24 hours have you taken any
7 drugs, medicine, or pills or have you consumed any alcohol?

8 THE DEFENDANT: No, sir.

9 THE COURT: Is your mind clear today?

10 MR. WEDDLE: Excuse me, your Honor.

11 (Mr. Weddle conferring with the defendant)

12 THE DEFENDANT: I do take heart medication and also
13 for my asthma, but nothing to affect my mental health.

14 THE COURT: Okay. So you do take a variety of
15 different medications?

16 THE DEFENDANT: Yes, yes.

17 THE COURT: And do you take them on a daily basis?

18 THE DEFENDANT: Yes.

19 THE COURT: And do those medications affect your
20 ability to remember or to think?

21 THE DEFENDANT: No.

22 THE COURT: And have you taken those medications
23 within the last 24 hours?

24 THE DEFENDANT: Yes.

25 THE COURT: Okay. And are you feeling well enough to

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1 proceed and to understand what is going on here today?

2 THE DEFENDANT: I do, sir.

3 THE COURT: Now your attorney has advised me that you
4 wish to waive indictment and enter a plea of guilty; is that
5 correct?

6 THE DEFENDANT: That's correct, your Honor.

7 THE COURT: And Mr. Greenwood, have you had a full
8 opportunity to discuss your case with your attorneys, including
9 any possible defenses that you might have?

10 THE DEFENDANT: Yes, I have.

11 THE COURT: And have you had a full opportunity to
12 discuss with them the consequences of entering a plea of
13 guilty?

14 THE DEFENDANT: Yes, I have.

15 THE COURT: Are you satisfied with your attorneys and
16 their representation of you?

17 THE DEFENDANT: I am, sir.

18 THE COURT: Does either counsel have any doubt as to
19 Mr. Greenwood's competence to waive indictment and enter a
20 guilty plea at this time?

21 MR. FOLLY: No, your Honor.

22 MR. WEDDLE: No, your Honor.

23 THE COURT: The record should reflect that Mr. Folly
24 has joined us.

25 Very well. Based on my observations of the defendant,

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1 his responses to my questions and my observations of his
2 demeanor, I find that he is fully competent to waive indictment
3 and enter an informed guilty plea at this time.

4 So let us turn to the issue of waiver.

5 Mr. Greenwood, have you received a copy of the
6 superseding information in this matter?

7 THE DEFENDANT: Yes, your Honor.

8 THE COURT: Have you discussed it with your attorney?

9 THE DEFENDANT: Yes, I have.

10 THE COURT: And, sir, do you understand that the
11 document that you've been provided is called a felony
12 information?

13 THE DEFENDANT: Yes, sir.

14 THE COURT: And do you understand that the information
15 was issued by the United States Attorney in this district,
16 Damian Williams?

17 THE DEFENDANT: Yes, sir.

18 THE COURT: And sir, because the charges against you
19 in that information are serious -- indeed, they are felony
20 offenses -- you have a constitutional right to require the
21 government to present evidence to a grand jury to see whether
22 the grand jury would vote to charge you with those crimes. Do
23 you understand that?

24 THE DEFENDANT: Yes, your Honor.

25 THE COURT: And do you understand that a grand jury is

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1 a group made up of at least 16 but not more than 23 citizens
2 and that at least 12 of them would have to agree that there was
3 probable cause to believe that the crimes were committed and
4 that you committed them before you could be indicted?

5 THE DEFENDANT: Yes, sir.

6 THE COURT: And if the grand jury voted to charge you,
7 the document they issued would be called an indictment, and it
8 would be signed both by the foreperson of the grand jury and
9 the United States Attorney. Do you understand that?

10 THE DEFENDANT: Yes, your Honor.

11 THE COURT: And Mr. Greenwood, do you wish to give up
12 your right to have your case presented to the grand jury?

13 THE DEFENDANT: I do, sir.

14 THE COURT: Did you discuss that decision thoroughly
15 with your lawyers?

16 THE DEFENDANT: Yes, I have, your Honor.

17 THE COURT: I have been provided with a document known
18 as a waiver of indictment, and it has a series of signatures,
19 including one that purports to be yours, so I'm going to hold
20 that up. Can you see that from where you're seated?

21 THE DEFENDANT: Yes.

22 THE COURT: Is that your signature on this document?

23 THE DEFENDANT: That is, your Honor.

24 THE COURT: This document will be marked as Court
25 Exhibit No. 1.

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1 And when you signed this document, Mr. Greenwood, did
2 you sign it voluntarily?

3 THE DEFENDANT: Yes, I did, sir.

4 THE COURT: Before you signed it, did you discuss it
5 with your attorneys?

6 THE DEFENDANT: Yes, your Honor.

7 THE COURT: And when you signed this document, did you
8 understand that you were acknowledging your willingness to give
9 up your right to be indicted by the grand jury?

10 THE DEFENDANT: Yes, your Honor.

11 THE COURT: Did anyone threaten you or force you to
12 give up that right?

13 THE DEFENDANT: No, your Honor.

14 THE COURT: Very well. I find that Mr. Greenwood has
15 knowingly and voluntarily waived his right to be indicted by
16 the grand jury, and the information will be accepted for
17 filing.

18 Mr. Weddle, do you wish a public reading of the
19 information?

20 MR. WEDDLE: No, your Honor.

21 THE COURT: And sir, do you understand that you are
22 charged in that information with three crimes? Count One
23 charges you with conspiracy to commit wire fraud; Count Two
24 charges you with wire fraud; and Count Three charges you with
25 conspiracy to commit money laundering.

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1 Mr. Folly, what are the elements of those offenses?

2 You can remain seated.

3 MR. FOLLY: Thank you, your Honor.

4 As to the wire fraud conspiracy, those elements are as
5 follows:

6 For conspiracy, the elements are:

7 First, that the conspiracy charged in the information
8 existed -- that is, the existence of an agreement to commit the
9 unlawful object of the conspiracy charged in the information;
10 and

11 Second, that the defendant wilfully and knowingly
12 became a member of the conspiracy with intent to further its
13 illegal purpose -- that is, with the intent to commit the
14 object of the charged conspiracy. Here, as to Count One, the
15 object is wire fraud, and the elements of wire fraud are as
16 follows:

17 First, the existence of a scheme to defraud or a
18 scheme to defraud others of money or property by false and
19 fraudulent representations or promises;

20 Second, knowing participation in the scheme to defraud
21 with knowledge of its fraudulent nature and with specific
22 intent to defraud; and

23 Third, the use of interstate or foreign wires.

24 Count Two charges substantive wire fraud. I've just
25 provided the elements of substantive wire fraud, and those same

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1 elements apply to Count Two.

2 Count Three charges a money laundering conspiracy. I
3 provided the elements to conspiracy, and those elements apply
4 to Count Three as well. The objects of that conspiracy in
5 Count Three are as follows:

6 Domestic concealment money laundering. And those
7 elements are:

8 First, that the defendant knowingly conducted a
9 financial transaction;

10 Second, that the defendant knew the property involved
11 in the financial transaction was proceeds of some form of
12 unlawful activity;

13 Third, that the financial transactions in fact
14 involved property constituting proceeds of specified unlawful
15 activity, which here is wire fraud; and

16 Fourth, that the defendant acted with knowledge that
17 the transaction was designed to conceal or disguise the nature,
18 location, source, ownership, or control of the proceeds.

19 The second object is international concealment money
20 laundering. Those elements are as follows:

21 First, that the defendant transferred a monetary
22 instrument or funds from a place in the United States to or
23 through a place outside the United States, or to a place in the
24 United States from or through a place outside the United
25 States;

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1 Second, that the defendant did so with knowledge that
2 the monetary instrument or funds involved represented the
3 proceeds of some form of unlawful activity; and

4 Third, that the defendant did so with knowledge that
5 the transfer was designed in whole or in part to conceal or
6 disguise the nature, location, source, ownership, or control of
7 the proceeds' specified unlawful activity, which here, again,
8 is wire fraud.

9 And finally, the third object of the money laundering
10 conspiracy charged is international promotional money
11 laundering, and those elements are:

12 First, that the defendant transported a monetary
13 instrument or funds from a place in the United States to or
14 through a place outside the United States, or to a place in the
15 United States from or through a place outside the United
16 States; and

17 Second, that the defendant did so with the intent to
18 promote the carrying on of the specified unlawful activity,
19 which here is wire fraud.

20 THE COURT: Thank you, Mr. Folly.

21 Mr. Greenwood, did you hear what the prosecutor said?

22 THE DEFENDANT: Yes, I did, sir.

23 THE COURT: And sir, do you understand that if you did
24 not plead guilty to these three counts, the government would
25 have to prove each and every element of those charges beyond a

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1 reasonable doubt at trial?

2 THE DEFENDANT: Yes, I do, sir.

3 THE COURT: And Mr. Greenwood, have you discussed with
4 your attorneys the possible punishment that you face if you
5 were to plead guilty to these three counts?

6 THE DEFENDANT: Yes, I have.

7 THE COURT: Sir, do you understand that with respect
8 to Count One, that that count carries a maximum term of
9 imprisonment of 20 years and a maximum term of supervised
10 release of three years?

11 THE DEFENDANT: I do, sir.

12 THE COURT: And that in addition, there are financial
13 penalties, including a mandatory special assessment that I must
14 impose of \$100, and a fine that I could impose that can be the
15 greater of either \$250,000 or twice the gross gain from the
16 offense or twice the gross loss to any victim of the offense.
17 Do you understand that?

18 THE DEFENDANT: Yes, your Honor.

19 THE COURT: And with respect to Count Two, do you
20 understand that that count also carries a maximum term of
21 imprisonment of 20 years and a maximum term of supervised
22 release of three years?

23 THE DEFENDANT: Yes, your Honor.

24 THE COURT: And that count also carries financial
25 penalties, including a mandatory special assessment of \$100

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1 that I must impose, and a fine that I could impose that in this
2 count is the greater of either \$1 million or twice the gross
3 gain from the offense or twice the gross loss to any victim of
4 the offense. Do you understand that?

5 THE DEFENDANT: Yes, sir.

6 THE COURT: And with respect to Count Three, again,
7 that count carries a maximum term of imprisonment of 20 years
8 and a maximum term of supervised release of three years. Do
9 you understand that?

10 THE DEFENDANT: Yes, your Honor.

11 THE COURT: And again, the financial penalties of that
12 crime are a \$100 special assessment that I must impose and a
13 fine that I could impose, which in this case is the greater of
14 either \$500,000 or twice the value of the property involved in
15 the transaction. Do you understand that?

16 THE DEFENDANT: Yes, your Honor.

17 THE COURT: And do you further understand that because
18 you are pleading guilty to several counts, Mr. Greenwood, I
19 have the ability to impose the sentences either concurrently,
20 meaning that they will all be served together, or
21 consecutively, meaning that you will be serving one sentence
22 after the others? Do you understand that?

23 THE DEFENDANT: Yes, your Honor.

24 THE COURT: Do you further understand that if I
25 sentence you consecutively, the maximum term of imprisonment

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1 that you are facing is 60 years?

2 THE DEFENDANT: Yes, your Honor.

3 THE COURT: Now I used the term "supervised release."
4 Do you understand that supervised release means that you will
5 be subject to monitoring and supervision when you are released
6 from prison?

7 THE DEFENDANT: Yes, sir.

8 THE COURT: And that there are terms and conditions of
9 supervised release with which you must comply, and if you do
10 not comply with them, you could be returned to prison without a
11 jury trial? Do you understand that?

12 THE DEFENDANT: Yes, your Honor.

13 THE COURT: And sir, do you understand that if you do
14 violate the terms or conditions of supervised release and are
15 returned to prison, that new term could be for part or all of
16 the term of supervised release and that you will not receive
17 credit for time previously served in prison on your sentence or
18 for time previously served on a prior violation of supervised
19 release? Do you understand that?

20 THE DEFENDANT: Yes, your Honor.

21 THE COURT: And Mr. Greenwood, do you understand that
22 as part of your sentence, I can also order you to pay
23 restitution to any person injured as a result of your conduct?

24 THE DEFENDANT: Yes, sir.

25 THE COURT: And Mr. Greenwood, do you further

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1 understand that if I accept your guilty plea and find you
2 guilty, that determination may deprive you of certain valuable
3 civil rights, such as the right to vote, the right to hold
4 public office, the right to serve on a jury, the right to
5 possess any kind of firearm, and the right to hold certain
6 professional licenses? Do you understand that?

7 THE DEFENDANT: Yes, your Honor.

8 THE COURT: Now the next series of questions that we
9 need to go over concern the rights that you are giving up by
10 pleading guilty, so again, please listen very carefully.

11 First, you have the right to be represented by an
12 attorney at trial and at every other stage of the proceedings.
13 If you could not afford an attorney, an attorney would be
14 appointed to represent you without cost to you. Do you
15 understand?

16 THE DEFENDANT: Yes, your Honor.

17 THE COURT: You have a right to a speedy and public
18 trial by a jury on the charges against you which are contained
19 in the information. Do you understand?

20 THE DEFENDANT: Yes, sir.

21 THE COURT: At any trial you would be presumed
22 innocent, and the government would be required to prove your
23 guilt by competent evidence beyond a reasonable doubt before
24 you could be found guilty. You would not have to prove that
25 you were innocent at trial. Do you understand?

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1 THE DEFENDANT: Yes, your Honor.

2 THE COURT: If there were a jury trial, the jury would
3 be composed of 12 people selected from this district, and all
4 12 would have to agree unanimously that you were guilty before
5 you could be found guilty. Do you understand?

6 THE DEFENDANT: Yes, your Honor.

7 THE COURT: At trial, you would have the right to see
8 and hear all of the witnesses against you, and your attorney
9 could cross-examine them. Your attorney could object to the
10 government's evidence and offer evidence on your behalf. You
11 would also have the right to have subpoenas issued to compel
12 witnesses to come to court to testify in your defense. Do you
13 understand?

14 THE DEFENDANT: Yes, sir.

15 THE COURT: At trial, you would have the right to
16 testify if you wanted to, but no one could force you to
17 testify, and if you chose not to testify, the jury would be
18 told that it could not hold that against you. Do you
19 understand?

20 THE DEFENDANT: Yes, your Honor.

21 THE COURT: If you were convicted at trial, you would
22 have the right to appeal that verdict. Do you understand?

23 THE DEFENDANT: Yes, your Honor.

24 THE COURT: Do you also understand, sir, that by
25 entering a plea of guilty here today, you are giving up all of

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1 the rights that I have just described except for your right to
2 counsel, and you will be found guilty based just on your plea
3 of guilty? Do you understand?

4 THE DEFENDANT: Yes, your Honor.

5 THE COURT: And Mr. Greenwood, do you also understand
6 that you can change your mind right now for any reason and
7 decide that you did not want to enter a plea of guilty?

8 THE DEFENDANT: I do, your Honor.

9 THE COURT: Okay. Mr. Greenwood, are you a US
10 citizen?

11 THE DEFENDANT: No, sir.

12 THE COURT: Of what country are you a citizen?

13 THE DEFENDANT: I'm dual nationality from United
14 Kingdom and Sweden.

15 THE COURT: And what is your status in this country?

16 THE DEFENDANT: I'm an inmate. No status.

17 THE COURT: Okay. Mr. Weddle, have you advised
18 Mr. Greenwood about the possible immigration consequences of
19 entering a plea of guilty?

20 MR. WEDDLE: We have, your Honor. Just for the
21 Court's information, Mr. Greenwood was arrested in Thailand and
22 extradited here, so he's virtually never set foot in the United
23 States. I think maybe one or two other occasions. But he's
24 aware that the likely immigration consequences of this
25 conviction are that he will be removed from the United States.

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1 THE COURT: Very well.

2 Mr. Greenwood, have your lawyers advised you as to the
3 possible immigration consequences of your plea?

4 THE DEFENDANT: They have, your Honor.

5 THE COURT: Sir, do you understand that there could be
6 adverse immigration consequences, including deportation, as a
7 result of your plea?

8 THE DEFENDANT: Yes, your Honor.

9 THE COURT: So do you understand that if there are
10 adverse immigration consequences, you will not be able to
11 withdraw your plea or appeal or otherwise challenge your
12 conviction on the basis of those immigration consequences?

13 THE DEFENDANT: I do.

14 (Continued on next page)

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1 THE COURT: Do you further understand that, in all
2 likelihood, you will be deported from the United States after
3 you serve your sentence?

4 THE DEFENDANT: Yes, your Honor.

5 THE COURT: Do you understand that if for some reason
6 you are not deported after serving your sentence, if you are
7 held in the U.S. pending deportation, you will be subject to
8 supervised release?

9 THE DEFENDANT: Yes, your Honor.

10 THE COURT: And, sir, do you understand that if you
11 have begun the process of becoming a naturalized U.S. citizen,
12 the fact of your conviction could adversely affect that
13 process?

14 THE DEFENDANT: I do, your Honor.

15 THE COURT: Do you further understand the fact of your
16 conviction could adversely affect any application you may make
17 in the future to re-enter the United States?

18 THE DEFENDANT: I do, your Honor.

19 THE COURT: Do you understand if you are deported,
20 returning to the United States during the period of supervised
21 release, without the permission of the U. S. Department of
22 Homeland Security would not only be a separate crime but also a
23 violation of your conditions of supervised release and you
24 could be sent back to prison without a trial? Do you
25 understand that?

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1 THE DEFENDANT: I understand.

2 THE COURT: Now, the next series of questions we need
3 to go over involve sentencing guidelines. So let me begin by
4 asking you, do you understand there are sentencing guidelines
5 that I must consider in determining the appropriate sentence in
6 your case?

7 THE DEFENDANT: Yes, your Honor.

8 THE COURT: Have you spoken with your lawyers
9 regarding the applicable guidelines in your case?

10 THE DEFENDANT: I have, your Honor.

11 THE COURT: Do you understand that I have to calculate
12 the applicable guidelines range and consider that range in
13 determining what your sentence will be?

14 THE DEFENDANT: Yes, your Honor.

15 THE COURT: Mr. Greenwood, do you understand that I
16 will not be able to make that calculation until after a draft
17 presentence report has been completed by the probation
18 department and that both you and your lawyers have had a chance
19 to review that draft?

20 Do you understand that?

21 THE DEFENDANT: Yes, your Honor.

22 THE COURT: Do you understand that after I receive the
23 final report and calculate the applicable guidelines range in
24 your case, I have the ability to impose a sentence that can be
25 higher or lower than what the guidelines recommend?

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1 Do you understand?

2 THE DEFENDANT: Yes, sir.

3 THE COURT: Do you also understand that in addition to
4 determining the applicable guidelines range, I also have to
5 consider a number of other factors set forth in the law, what
6 is Title 18 of the United States Code Section 3553(a), which
7 requires me to consider, among other things, your history and
8 characteristics, and the nature of the offenses to which you
9 are pleading in determining the appropriate sentence in your
10 case?

11 THE DEFENDANT: Yes, your Honor.

12 THE COURT: So even after I calculate the applicable
13 guidelines range, I must also consider these other factors, and
14 again might settle on a sentence higher or lower than what the
15 guidelines recommend.

16 Do you understand that?

17 THE DEFENDANT: Yes, sir.

18 THE COURT: Sir, do you understand that if your
19 attorney or anyone else has attempted to estimate or predict
20 what your sentence will be, their estimate or prediction could
21 be wrong?

22 THE DEFENDANT: Yes, sir.

23 THE COURT: Mr. Greenwood, while it is perfectly
24 appropriate for you and your lawyers to have discussed how the
25 sentence will be calculated, no one can give you any assurance

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1 of what your sentence will be.

2 Do you understand that?

3 THE DEFENDANT: I understand, your Honor.

4 THE COURT: Mr. Greenwood, I say all of this to you
5 because you need to understand today that if your sentence is
6 different from what your attorney or anyone else has told you
7 it might be, or if it is different from what you expect, or
8 even if it is different from what is contained in the letter
9 that you receive from the government, you will still be bound
10 by your guilty plea, and you will not be allowed to withdraw
11 your guilty plea.

12 Do you understand that?

13 THE DEFENDANT: I understand, your Honor.

14 THE COURT: Mr. Greenwood, do you understand if you
15 are sentenced to prison, there is no parole in the federal
16 system, and you will not be released early on parole?

17 THE DEFENDANT: I understand.

18 THE COURT: Now, the next series of questions we need
19 to go over involve the letter you received from the government.
20 It's a letter dated December 8, 2022, and it is a letter that
21 was provided to you pursuant to the case *United States v.*
22 *Pimentel*, which is reported at 932 F.2d 1029, a Second Circuit
23 case from 1991.

24 So, sir, do you understand that this so-called
25 *Pimentel* letter from the government to your lawyers is just the

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1 government's best guess as of today as to how the sentencing
2 guidelines will operate in your case?

3 THE DEFENDANT: Yes, your Honor.

4 THE COURT: Do you understand that if, between now and
5 the time of your sentencing, the government realizes that it
6 made a mistake, or gets new information, it could take a
7 different position at your sentencing regarding the sentencing
8 range?

9 THE DEFENDANT: I do, your Honor.

10 THE COURT: So the letter is not a promise by the
11 government.

12 Do you understand that?

13 THE DEFENDANT: Yes, sir.

14 THE COURT: Do you also understand that there is
15 nothing in this *Pimentel* letter that is binding on me; that I'm
16 still going to make my own determination as to what the
17 appropriate guidelines range is?

18 THE DEFENDANT: Yes, your Honor.

19 THE COURT: Mr. Folly, would the government please
20 summarize what it would expect to prove if this case were
21 expected to proceed to trial?

22 MR. FOLLY: Yes, your Honor.

23 Were this case to proceed to trial, the government
24 would present evidence at trial, including witness testimony,
25 email evidence, phone evidence, audio recordings, photographs,

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1 promotional one point videos posted online, financial records,
2 and other documentary evidence showing the following:

3 In 2014, the defendant, Sebastian Greenwood, and
4 co-conspirator Ruja Ignatova cofounded OneCoin, a company based
5 in Sofia, Bulgaria that marketed a purported cryptocurrency
6 named by the same name, which was, in fact, a fraudulent
7 pyramid scheme. The defendant and Ignatova conceived of and
8 built the OneCoin business fully intending to use it to defraud
9 investors.

10 The defendant was OneCoin's global master distributor
11 and the leader of the multi-level marketing -- also known as
12 MLM -- network through which the fraudulent cryptocurrency was
13 marketed and sold. OneCoin records show that between the
14 fourth quarter of 2014 and the fourth quarter of 2016 alone,
15 OneCoin generated approximately four billion euros in sales
16 revenue and earned profits of approximately 2.7 billion euros.

17 The defendant, as well as Ignatova and others, made
18 material misrepresentations to induce victims to purchase
19 OneCoin cryptocurrency packages. Among other things, they
20 falsely represented that the value of OneCoin was determined by
21 market supply and demand when, in fact, OneCoin's value was set
22 by the company itself with no regard for market supply and
23 demand; OneCoin maintained a private blockchain or a digital
24 ledger identifying OneCoins and reporting historical
25 transactions, when, in fact, OneCoin lacked a true blockchain,

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1 that is, a public and verifiable blockchain; and the OneCoin
2 cryptocurrency was "mined" using mining servers maintained and
3 operated by the company when, in fact, OneCoins were never
4 mined using computer resources.

5 The defendant and other OneCoin representatives
6 knowingly marketed OneCoin cryptocurrency packages to
7 individuals located in the United States. Indeed, Ignatova
8 announced the official opening of the United States market for
9 OneCoin on July 4th, 2015.

10 As a result of the material misrepresentations by
11 Greenwood, Ignatova, and other OneCoin representatives, victims
12 all over the world invested in fraudulent OneCoin
13 cryptocurrency packages. One or more victims residing in the
14 Southern District of New York invested in such OneCoin
15 packages, which investments involved the use of interstate and
16 foreign wires that passed through the Southern District of New
17 York.

18 The defendant, Ignatova, and others also engaged in
19 and caused countless financial transactions, some of which were
20 transmitted through corresponding bank accounts and other bank
21 accounts located in the Southern District of New York designed
22 to conceal the nature, location, source, ownership, and control
23 of OneCoin fraud proceeds and to promote the carrying on of the
24 OneCoin fraud scheme. Among other things, approximately
25 \$400 million of OneCoin fraud proceeds were laundered through

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1 the so-called Fenero Funds, which were a series of fraudulent
2 private equity investment funds operated by co-conspirator Mark
3 Scott, which utilized bank accounts in the Cayman Islands and
4 Ireland, among other locations, and involved certain
5 transactions processed through corresponding bank accounts held
6 at a bank located in the Southern District of New York.

7 THE COURT: Thank you, Mr. Folly.

8 Mr. Greenwood, did you hear what the prosecutor said?

9 THE DEFENDANT: Yes, I did, sir.

10 THE COURT: Mr. Greenwood, have you clearly understood
11 everything that has happened here today so far?

12 THE DEFENDANT: Yes, I have, your Honor.

13 THE COURT: Mr. Greenwood, would you now please tell
14 me in your own words what it was that you did that you believe
15 makes you guilty of the three crimes to which you are pleading
16 guilty?

17 THE DEFENDANT: Yes, sir.

18 MR. WEDDLE: If I may, your Honor, counsel and Mr.
19 Greenwood have worked together on a written statement, and,
20 with the Court's permission, he'd like to read from that
21 statement.

22 THE COURT: It's perfectly fine for you to read, Mr.
23 Greenwood. I would only ask that you be conscious, because
24 sometimes when people read, they tend to read very quickly.

25 THE DEFENDANT: Yes.

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1 THE COURT: That you be very conscious that you read
2 as deliberately as you can so that every word can be taken down
3 accurately.

4 THE DEFENDANT: Yes, your Honor.

5 Okay. In approximately 2014, I met Ruja Ignatova and
6 assisted her in establishing the OneLife Network, a multi-level
7 marketing company. In addition to buying a membership in the
8 network, network members could also sign up to be independent
9 marketing agents and sell network packages to others and
10 receive commissions on downstream sales. The OneLife Network
11 ostensibly centered around selling financial education packages
12 which include free OneCoin tokens, and the tokens could be
13 converted into OneCoin, which was described as a
14 cryptocurrency. In selling to the network and in seeking to
15 convince buyers to purchase large packages and to sell packages
16 aggressively to others, we deliberately invited comparisons to
17 Bitcoin, a cryptocurrency based on a distributed ledger or
18 blockchain.

19 Based on this comparison and other marketing
20 techniques, I knew and intended that people would buy into
21 OneCoin and related products based on the misconception that it
22 would be a profitable investment and based on the misconception
23 that OneCoin, like Bitcoin, was a cryptocurrency based on a
24 distributed blockchain and valued by supply and demand. In
25 fact, I knew the company would set and manipulate the stated

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1 value of OneCoin. I participated in this deception by making
2 misrepresentations to convince people that OneCoin would be the
3 next big thing, bigger than Bitcoin, when I knew that it had no
4 intrinsic value.

5 I also knew that in the second half of 2015, with my
6 participation, the company targeted the United States using
7 these same misrepresentations, including by sending these
8 misrepresentations by wire transmissions into the United
9 States. I also knew that banks were reluctant to accept the
10 proceeds of sales of OneCoin. I therefore agreed with others
11 to conceal the source of those proceeds when engaging in
12 financial transactions. I understood that the same agreement
13 would apply to any of those proceeds coming from the United
14 States market.

15 At the time I participated in this conspiracy in the
16 United States, I knew what I was doing was wrong.

17 THE COURT: Thank you, Mr. Greenwood.

18 When you did the things that you just described,
19 Mr. Greenwood, did anyone threaten you or force you to do those
20 things?

21 THE DEFENDANT: No, your Honor.

22 THE COURT: Does either counsel wish me to make any
23 further inquiries?

24 Mr. Folly?

25 MR. FOLLY: No, your Honor.

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1 With respect to the issue of venue, we would refer
2 back to the factual proffer we gave a few moments ago as to
3 what we would prove at trial.

4 THE COURT: Mr. Weddle, do you want me to make any
5 further inquiries?

6 MR. WEDDLE: No, your Honor.

7 THE COURT: Mr. Weddle, do you believe that there is
8 an adequate factual basis to support the plea?

9 MR. WEDDLE: Yes, your Honor.

10 THE COURT: Do you know of any reason why your client
11 should not be permitted to plead guilty?

12 MR. WEDDLE: No, your Honor.

13 THE COURT: Mr. Folly, is there an adequate factual
14 basis to support the plea of guilty?

15 MR. FOLLY: Yes, your Honor.

16 THE COURT: Mr. Greenwood, how do you now plead to the
17 charge in Count 1 of the information, guilty or not guilty?

18 THE DEFENDANT: Guilty, your Honor.

19 THE COURT: How do you plead to the charge in Count 2
20 of the information, guilty or not guilty?

21 THE DEFENDANT: Guilty, your Honor.

22 THE COURT: How do you plead to the charge in Count 3
23 of the information, guilty or not guilty?

24 THE DEFENDANT: Guilty, your Honor.

25 THE COURT: Are you, in fact, guilty of those charges,

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1 sir?

2 THE DEFENDANT: Yes, your Honor.

3 THE COURT: Are you pleading guilty voluntarily and of
4 your own free will?

5 THE DEFENDANT: Yes, your Honor.

6 THE COURT: Is there a forfeiture allegation in the
7 information?

8 MR. FOLLY: Yes, your Honor. I believe there is.

9 THE COURT: Mr. Greenwood, do you admit to the
10 forfeiture allegation in the information?

11 MR. WEDDLE: Your Honor, if I may interrupt briefly?

12 THE COURT: Sure.

13 MR. WEDDLE: We have a proposal for how to essentially
14 organize the case between now and sentencing, and I've
15 discussed it with the prosecution. And I think we're in
16 agreement in how to essentially tee up the issues for your
17 Honor's decision and to sort of get to sentencing in the most
18 efficient way. I think that the forfeiture plays together with
19 those issues, and I'm happy to discuss them more right now or,
20 if your Honor would like to finish the plea proceeding and then
21 we could take that up, but I don't think it's necessary for
22 Mr. Greenwood right now at this moment to admit the forfeiture
23 allegations.

24 THE COURT: I think that's probably right.

25 Any objection to that, Mr. Folly?

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1 MR. FOLLY: No, your Honor.

2 THE COURT: Very well. Mr. Greenwood, because you
3 acknowledge that you are, in fact, guilty as charged in Counts
4 1 through 3 of the superseding information, because I find that
5 you know your rights and are waiving them knowingly and
6 voluntarily with an understanding of the consequences of the
7 plea, including the potential sentences that may be imposed, I
8 accept your guilty plea and find you guilty of those three
9 charges.

10 I will now direct that a presentence investigation be
11 conducted by the probation office, and that a presentence
12 report be prepared. You will be interviewed by the probation
13 office as part of that process. You can and should have your
14 lawyers with you when you are interviewed. You will receive a
15 draft of the presentence report before I receive it, and when
16 you receive the draft, please review it very carefully with
17 your attorneys and bring to my attention any mistakes or
18 discrepancies that you may find therein. The presentence
19 report is a very important part in my decision as to what the
20 sentence will be, but both you and your attorneys will have an
21 opportunity to speak on your behalf before I impose sentence.

22 If I could just impose on defense counsel to
23 coordinate with probation so the interview can take place
24 within -- I guess the next couple of weeks may be difficult
25 because of the holidays but within the next few weeks.

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1 MR. WEDDLE: Yes, your Honor.

2 THE COURT: Very well. Do we have a date for
3 sentencing?

4 MR. WEDDLE: Well, your Honor, if I may -- does your
5 Honor prefer that I sit?

6 THE COURT: It's up to you.

7 MR. WEDDLE: I'm a little bit more comfortable --

8 THE COURT: As long as you're close to the microphone.

9 MR. WEDDLE: It makes me feel weird to sit down.

10 THE COURT: I understand.

11 MR. WEDDLE: So as I mentioned, your Honor, we have a
12 proposal for how to organize the issues going forward, and just
13 to preview for your Honor, the major dispute that we have
14 between the parties has to do with a fundamental legal question
15 about how the guidelines should be applied. And the
16 fundamental legal issue about how the guidelines should be
17 applied dovetails with some of the briefing and argument that
18 your Honor has heard in the Mark Scott case, because it has to
19 do with whether the guidelines should be applied to worldwide
20 conduct or whether the guidelines should be applied to U.S.
21 based conduct. And we've shared with the government our
22 argument about this. They disagree. And the parties plan to
23 present the issue to your Honor for decision.

24 What we think makes the most sense is to set a
25 briefing schedule on this fundamental legal issue and submit

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1 briefs and hopefully get a decision from your Honor as step one
2 of the process. Step two of the process is then to apply that
3 legal decision to the facts. And it's hard to know right now,
4 without knowing the legal decision, how difficult or contested
5 step two may be, so if your Honor says that the guidelines
6 apply to global conduct, then the parties may need to have a
7 contested hearing or some kind of truncated version of a
8 hearing about what that means in terms of the evidence of
9 global conduct. And, likewise, if your Honor decided that the
10 guidelines should apply to U.S. based conduct, we'd want to
11 have a discussion with the government about what is the
12 evidence that quantifies U.S. based conduct and do we need to
13 have a contested proceeding on that or some truncated version
14 of it or should we agree on it. So that's step two.

15 And then step three is simply to proceed to sentencing
16 with all of the 3553(a) factors, and as your Honor I'm sure can
17 predict, there are very substantial 3553(a) arguments to be
18 made on behalf of Mr. Greenwood in this case after the
19 guidelines issues have been determined.

20 So what we had proposed was a briefing schedule
21 roughly as follows, which was that we would submit a brief to
22 your Honor arguing that the guidelines should be based on U.S.
23 based conduct, and, you know, we've shared some of the case law
24 with the government. Particularly, there's a Second Circuit
25 case called *Azeem*, and a number of other cases that you've

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1 seen, and it's got briefing that we think supports this
2 argument. And we would submit that brief January 20th. The
3 government would submit an opposition brief or a responsive
4 brief on February 10th, and then we would reply February 22nd.

5 Hopefully, at the Court's convenience, sometime
6 shortly thereafter we could set a date for an oral argument to
7 answer any questions your Honor may have about the briefing.
8 And then hopefully we could get a decision on this abstract
9 legal issue from your Honor, and then we could come back either
10 after discussing it among the parties or something to propose
11 kind of a schedule going forward from there for step two and
12 step three.

13 We think that it -- and, again, I've discussed this
14 whole thing with the prosecution here, but we think it makes
15 sense to set a sentencing control date four months out. In
16 addition, our client is eager to move this process to
17 conclusion. So we welcome the opportunity to begin the
18 presentence investigation report and conduct the background
19 part of that. We would prefer that probation be instructed or
20 invited not to opine on the guidelines issue that we are all
21 briefing to your Honor simultaneously, but what we hope is that
22 probation could do the bulk of their work on the PSR in
23 parallel to that process. And then, getting a decision from
24 your Honor, they could come up with their opinion on the
25 guidelines application or recommendation.

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1 Obviously, you know, the parties could discuss or
2 agree how the legal decision applies to the facts to come up
3 with an actual guidelines calculation. And I think after step
4 two, whatever it ends up being, your Honor could, in fact, make
5 a guidelines calculation, and then we could do papers on
6 3553(a) factors or those two things could be combined together.

7 But that's our proposal in terms of just organizing
8 issues going forward and making sure that these fundamental
9 legal disputes between the parties can get decided in the most
10 efficient way without slowing down the entire process.

11 THE COURT: Mr. Folly, have you discussed the schedule
12 with Mr. Weddle and do you consent?

13 MR. FOLLY: Your Honor, we have discussed that
14 schedule and the specific dates provided by Mr. Weddle, and we
15 don't have an objection to that. We would request, if the
16 Court is amenable, to setting the oral argument date
17 approximately a week after the completion of the reply brief.

18 THE COURT: That would be February 27?

19 MR. FOLLY: Was that right?

20 MR. WEDDLE: That would be one week later, yes.
21 That's a Wednesday, your Honor.

22 THE COURT: Ms. Rivera, are we available?

23 MR. WEDDLE: Wait. I'm sorry. I had that wrong. We
24 had proposed a reply brief of the 22nd, so a week later would
25 be March 1st.

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1 THE COURT: Okay.

2 MR. WEDDLE: The 27th is three business days later.

3 THE DEPUTY CLERK: Yes, you are available on March 1
4 at 2:00 p.m.

5 THE COURT: Should we get a date for sentencing, at
6 least a control date, for early April?

7 THE DEPUTY CLERK: April 5 at 2:00.

8 THE COURT: Okay. Now, I won't hold anyone to the
9 amounts which you may or may not want to provide now, but what
10 are we talking about in terms of the difference between U.S.
11 only conduct versus extraterritorial conduct? Is it a
12 substantial percentage of the overall potential loss amount?

13 MR. WEDDLE: It's a very small percentage, your Honor,
14 but it's still a substantial number depending on how convincing
15 you find some of the evidence to be. You know, there was a
16 \$57,000 figure that was in the Mark Scott briefing. I don't
17 know -- you know, it's the government's burden to come up with
18 the proof here. I would imagine that they may be able to
19 proffer evidence of more than those two U.S. victims and come
20 up with a number that's larger than the \$57,000, but obviously
21 the global numbers are very large. And, depending on how much
22 you believe the proffer, for example, from Mr. Folly today, you
23 know, the top of the guidelines loss table maxes out at 550
24 million.

25 So it's a substantial difference in terms of the

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1 guidelines calculation. I think it's a substantial difference
2 in terms of the legal principles at stake about whether or not
3 the United States should be, you know, engaging in global
4 policing or should be enforcing U.S. law that is of domestic
5 application domestically.

6 So I think there are important principles at stake,
7 but because we haven't teed this up yet, we have not had a good
8 -- I think neither side has had a good opportunity to really
9 focus on what exactly is the evidence of U.S. based losses and
10 to evaluate the strength of that evidence and what number it
11 shows. But I think it's going to be a number that's, you know,
12 within the realm of reason as compared to the top of the
13 guideline range.

14 THE COURT: I'm not going to hold anyone to these
15 figures, but we're talking about a figure between 57,000 and
16 500 million?

17 MR. WEDDLE: I don't think that's what the Court's
18 decision is going to be, but we're going to have to see what
19 the evidence is. There was a footnote in I think one of
20 Mr. Scott's briefs that referenced a government affidavit about
21 the percentage of OneCoin membership that was in the United
22 States versus elsewhere, and that number was one and a half
23 percent. I think that -- I don't know if that's proveable by
24 the government, but if that was provable, I think that would
25 set a ceiling on the number, and one and a half percent of a

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1 couple billion dollars is, you know, still tens of millions of
2 dollars.

3 THE COURT: Mr. Folly, anything you wanted to put on
4 the record?

5 MR. FOLLY: Your Honor, I think we were talking about
6 a significant difference between the global investor losses
7 versus just U.S. investors, and, you know, global investor
8 losses is going to be in the billions whereas U.S. investor
9 losses are going to be in the tens of millions.

10 THE COURT: Okay. Very well. So I look forward to
11 receiving your papers.

12 Is there anything else that we should do today, Mr.
13 Folly?

14 MR. FOLLY: Your Honor, one piece of housekeeping in
15 light of the two additional open counts that the defendant did
16 not plead guilty to here today. The government would move to
17 exclude time on those counts through the current April 5th
18 control date for the sentencing. We understand defense counsel
19 does not have an objection to that. And we would also move to
20 adjourn the current trial date indefinitely in light of this
21 plea and the current status of the case.

22 THE COURT: I guess I'm a little perplexed by the
23 request. If he's plead guilty and the only issues that we're
24 talking about are what will the length of the sentence be, why
25 would we need to adjourn a trial that's not going to go

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1 forward?

2 MR. FOLLY: Your Honor, we do not believe a trial will
3 need to go forward. However, there is not a judgment of
4 conviction as to these counts yet. Those counts are still open
5 on the underlying indictment. So in an abundance of caution,
6 we would move to exclude time on those counts and just adjourn
7 the trial date indefinitely.

8 THE COURT: Any objection?

9 MR. WEDDLE: No, your Honor.

10 THE COURT: Very well. That time will be excluded
11 under the Speedy Trial Act.

12 I find that Mr. Greenwood's interest in having these
13 issues finally determined outweigh -- these very substantial
14 issues concerning the guidelines outweigh the interest of the
15 public in a speedy trial, so that time will be excluded until
16 April 5, was it?

17 THE DEPUTY CLERK: Yes.

18 THE COURT: Until April 5.

19 Anything more?

20 Mr. Folly?

21 MR. FOLLY: No, your Honor.

22 THE COURT: Mr. Weddle?

23 MR. WEDDLE: Just, your Honor, I made a long speech,
24 but at the close of the plea proceeding, your Honor directed
25 the preparation of the presentence investigation report. And,

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1 as I said, we agree it should start, but can I impose on your
2 Honor to recommend or direct probation not to conduct a
3 guidelines analysis while we're trying to brief the issues?

4 THE COURT: Any objection to that, Mr. Folly?

5 MR. FOLLY: No, your Honor.

6 THE COURT: I mean, I'm happy to do that, although
7 probation only makes a recommendation, so it would be to no
8 particular legal effect, but I will make that recommendation.

9 Okay. Folks, we are adjourned.

10 (Adjourned)